Saskatchewan Opportunities Corporation

Annual Report 2010

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Letter of Transmittal

March 31, 2011

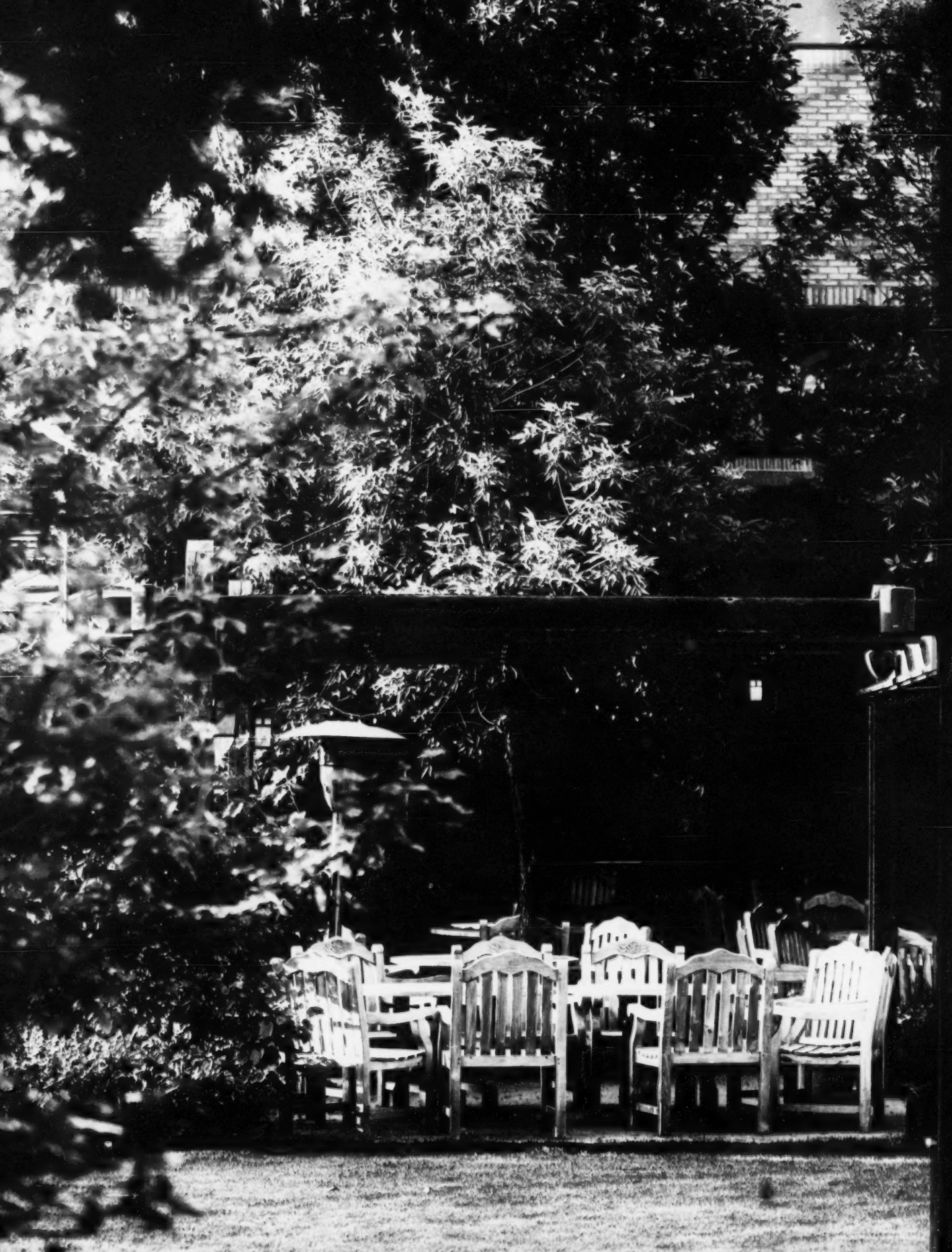
To His Honour
The Honourable Dr. Gordon Barnhart
Lieutenant Governor of the Province of Saskatchewan

Dear Sir:

I have the honour to submit the Annual Report of Saskatchewan Opportunities Corporation for the year ended December 31, 2010, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,

Rob Norris
Minister Responsible for Saskatchewan Opportunities Corporation



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A Message to Our Stakeholders

Throughout human history innovation has fueled opportunity and advancement. Within our contemporary Canadian context, innovation will continue to be a defining feature of Saskatchewan. The more than 5,000 people that go to work every day in Innovation Place facilities reflect and reinforce the Saskatchewan spirit of innovation. These people are creating more productive and nutritional crops to feed our world, better machinery for growing these crops and are finding higher value products that can be obtained from them. They are finding more productive technologies for extraction of Saskatchewan's abundant resources. They are improving the speed and efficiency of communications. Innovation Place is committed to providing the most supportive environment possible for our tenant's innovation.

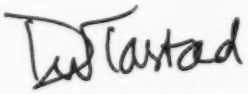
In 2010 these tenants increased their direct contribution to the Saskatchewan economy by 27% to a record $919 million dollars. These payroll and local purchases represent more than 1.5% of the provincial gross domestic product. The people working in our parks are dynamic, well educated, well paid and employed in stimulating, productive careers. Over half of these 5,000 people have post secondary degrees or diplomas from Saskatchewan educational institutions.

2010 was a successful year for our company as well. Revenue, earnings and cash flow were all at record levels. Our leadership in environmental responsibility was recognized by an Earth Award from the Saskatchewan Building Owners and Managers Association for the highest sustainability rating for any building in the province. We were also named one of the top 50 Best Small and Medium Employers in Canada.

For all the successes in 2010 we thank our clients, those companies that provide us with contract services and especially our employees. Our business relies on personal customer service relationships and it's our employees that provide the service that has consistently resulted in client satisfaction ratings approaching 100%.

Finally we would like to recognize and thank the members of the Board of Directors for the leadership they have provided through the last year.

Arlene Wiks
Chair of the Board



Douglas Tastad
President and Chief Executive Officer

Corporate Governance

Board of Directors

Arlene Wiks, Chair
Term Expires: February 5, 2014

Arlene Wiks is recently retired from CIBC where she spent 35 years in a variety of roles. At retirement she held the position of Associate Vice President, Small Business and Retail Banking responsible for branches in Regina and Saskatoon. Arlene holds a Certified Financial Planner Designation from the Canadian Institute of Financial Planners as well as an Administration Certificate from the University of Saskatchewan. Arlene has served on several boards over the years including Director of the Saskatoon and District Chamber of Commerce, Royal University Hospital Foundation and Junior Achievement. Arlene has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Mark Regier, Vice Chair and Chair, Audit & Finance Committee
Term Expires: February 5, 2012

Mark Regier has been with Saskatoon Prairieland Park Corporation for the past 20 years, six years as Controller and 14 years as Chief Executive Officer. He has received a Certified Fair Executive Designation from the International Association of Fairs & Exhibitions for his work in the fair industry. Mark is past President of the Canadian Association of Fairs & Exhibitions and past Chair of Tourism Saskatoon. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Certified Management Accountant (CMA).

John Schmeiser, Chair, Human Resources & Governance Committee
Term Expires: February 5, 2012

John Schmeiser is the Executive Vice President and Chief Executive Officer of the Canada West Equipment Dealers Association, a role that he has held since 1996. John also serves as the Vice President of Canadian Government Affairs for the North American Equipment Dealers Association. He has been the Treasurer of the Canada Equipment Dealers Foundation since 1998 and is Past Chairman of the Board for IRON Solutions L.L.C. and Past President of the North American Equipment Association Executives. John is a graduate of the University of Saskatchewan, the University of Arizona and Western Academy Broadcasting College.

Shauna Fjaagesund
Term Expires: February 5, 2012

Shauna Fjaagesund is a self employed entrepreneur from southwest Saskatchewan. She recently finished her term as the President of the Swift Current & District Chamber of Commerce. Shauna owns and manages residential housing and commercial farmland properties and has prior experience as a financial consultant, small business owner and biotech laboratory worker. Shauna has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Dr. Richard Florizone
Term Expires: February 5, 2012

Dr. Richard Florizone is the Vice President of Finance and Resources at the University of Saskatchewan. Originally from Prince Albert, Richard is a graduate of the University of Saskatchewan in Engineering and Physics and holds a Ph.D. in Nuclear Physics from the Massachusetts Institute of Technology. His previous work experience includes positions as a Director of Strategy for Bombardier Aerospace, Consultant and Project Leader for The Boston Consulting Group, and Senior Corporate Liaison Officer and Fundraising Consultant for Cambridge University. Richard has served on several boards over the years including the Canadian Light Source and the Waterloo Institute for Nanotechnology. In October 2008 he was asked by the Government of Saskatchewan to chair the Uranium Development Partnership.

David Button
Term Expires: February 5, 2012

David Button is the Vice President of Administration and Chief Financial Officer at the University of Regina. He is responsible for University logistics including Human Resources, Information Services, Risk Management, Ancillary Services, Financial Services, Resource Planning, Security and Facilities Management. David is a Professional Engineer, Planner and Project Management Professional. He has been at the University of Regina for 16 years; prior to that retired from the Military as a Lieutenant Colonel after almost 22 years of service as a Military Engineer. David is also a member of the Board of the Canadian Association of University Business Officers; President of the Rocky Mountain Region of the Association of Higher Education Facilities Officers and a resource to the University of Regina Board of Governors. He is a past board member for Wascana Centre Authority.

Terry Ross
Secretary to the Board of Directors

Corporate Officers

Douglas Tastad
President and Chief Executive Officer

Douglas Tastad has held the position of President and Chief Executive Officer for Innovation Place since 2002. He has over 32 years experience with Innovation Place, including positions as Vice President of the Research Parks Division and other senior management positions. He was the key management person in 1979 during the inception of Innovation Place. He is currently Chair of the Meewasin Development Review Committee. Douglas has served on various business and community boards, including Saskatchewan Advanced Technology Association, Saskatchewan Association of Architects (community representative), University of Saskatchewan Technologies Inc. (UST) and the BIOTECanada Finance Committee. Douglas is an Honorary member of the Saskatchewan Association of Landscape Architects.

Charlene Callander
Vice President and Chief Financial Officer

Charlene Callander has held the position of Vice President and Chief Financial Officer for Innovation Place since 2006. Charlene joined Innovation Place in 2001 as the Corporate Comptroller; she was promoted to Executive Director, Accounting and Administration in 2003. Prior to joining Innovation Place, Charlene obtained her Chartered Accountant designation at the Provincial Auditor of Saskatchewan and worked as Assistant Director of the Integrated Financial Services Unit at Saskatchewan Health.

Ken Loeppky
Vice President and Chief Operating Officer

Ken Loeppky has held the position of Vice President and Chief Operating Officer for Innovation Place since 2008. Ken joined Innovation Place in 2000 as the General Manager of the Regina park. Prior to joining Innovation Place he worked as a Senior Property Manager at Harvard Developments Inc. and at Saskatchewan Housing Corporation. Ken has held executive board of director roles in the past and remains actively involved with both the Real Estate Institute of Saskatchewan (REIS) and the Building Owners and Managers Association (BOMA) of Canada.

Austin Beggs
Vice President, Corporate Relations

Austin Beggs has been Vice President, Corporate Relations for Innovation Place since 2008. Austin joined Innovation Place in 1980 and has held a variety of positions related to marketing, development and communications; he served as the first General Manager of the park in Regina. Austin is a past President of the Association of University Research Parks (AURP). He is currently a member of the International Association of Science Parks (IASP), a member of the Board of Directors for Bioindustrial Innovation Centre, a national Centre of Excellence in Sarnia, Ontario and is the Saskatchewan Chapter Chair for the Manning Innovation Awards.

Authority

Saskatchewan Opportunities Corporation (SOCO or the Corporation) is a Crown corporation governed by *The Saskatchewan Opportunities Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation (CIC) oversees and manages a governance framework for SOCO that provides strategic direction and performance management and financial reporting. SOCO conducts its business under the operating name of Innovation Place.

Through the Chair, who is an independent director, the SOCO Board of Directors is accountable to the Minister Responsible for SOCO. The Minister functions as the key communications link between SOCO, CIC, Cabinet, the Legislature and the public.

Corporate Governance Practices

Crown Investments Corporation Chairs Forum has requested that Saskatchewan Crown corporations use the Canadian Securities Administrators (CSA) Corporate Governance Guidelines and Governance Disclosure Rules to standardize the reporting and benchmarking of governance practices. The CSA guidelines have superseded the Toronto Stock Exchange guidelines previously used.

Independence

The matter of "independence from management" is based upon the definition set by the Canadian Securities Administrators (CSA) and utilized by publicly traded companies in the industry. None of the directors have worked with or for SOCO, or have direct material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the Corporation. While having no personal connections to SOCO, Mr. Button and Dr. Florizone are employed by the province's two universities, both of which have land leases with SOCO and at times are involved in other business arrangements with SOCO. Whenever issues concerning the universities arise in Board meetings, both members declare their potential conflicts and absent themselves if the Board judges a conflict to exist.

A standing agenda item for each Board and Committee meeting is a declaration of conflict of interest and an in-camera session without management present.

Key Accountabilities

The Board has a written Terms of Reference* that outlines the Board's principal duties and responsibilities, including the responsibility to function as stewards of the Corporation and to oversee the management of the affairs and business of the Corporation.

The Board discharges its responsibilities by delegation to management and through committees of the Board. The Board focuses on the strategic leadership of the Corporation while day to day operations are delegated to management, who is then held accountable for the Corporation's performance.

The Board has two committees: the Audit and Finance Committee and the Human Resources and Governance Committee. Both committees have written Terms of Reference* and have access to outside professional advisors if necessary.

Audit and Finance Committee

The Audit and Finance Committee is responsible for ensuring the adequacy and effectiveness of financial reporting by reviewing and recommending approval to the Board of all policies and procedures regarding SOCO's financial reporting, internal accounting, internal controls, management information, risk management and the internal and external audit.

Human Resources and Governance Committee

The Human Resources and Governance Committee is responsible for overseeing SOCO's human resource and governance processes and the quality of its corporate governance and reporting to the Board. The Committee undertakes deliberative and policy work on behalf of the Board and recommends decisions on all aspects of governance to the Board, when these decisions exceed delegated authority levels of management.

Board Appointments

The Lieutenant Governor in Council appoints members of the Board and designates the Chair. Directors are appointed for a fixed term and their appointments can be renewed at expiry. Appointments are governed by the CIC Board of Directors Appointment Policy, which ensures the principles of objectivity, inclusivity, transparency and consistency are adhered to.

The Board, through the Human Resources and Governance Committee, annually reviews the composition and skill sets of directors with a view to maintaining an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction of the Corporation.

Conflict of Interest / Code of Conduct

Board members must comply with the CIC Directors' Code of Conduct** that was developed by CIC and applies to the directors of all its subsidiary Crown boards.

Officers and employees of the Corporation must comply with SOCO's Code of Conduct, which includes a conflict of interest and a whistleblowing policy. All employees, including Corporate Officers, are required to annually sign a declaration of compliance with key policy and procedure guidelines.

* The following documents are available on the SOCO website at www.soco.sk.ca
- Board of Directors Terms of Reference
- Human Resources and Governance Committee Terms of Reference
- Audit and Finance Committee Terms of Reference

** A copy of the Directors' Code of Conduct can be obtained by contacting Crown Investments Corporation

Orientation and Continuing Education

Management provides a comprehensive Reference Manual to each Board member and provides new members with an orientation session detailing the nature of SOCO's business. Management provides the directors with information sessions on technical aspects of the Corporation's business. The Board also participates in annual strategic planning sessions.

CIC provides annual professional development opportunities for directors of CIC subsidiary Crown boards, which focuses on the key roles and responsibilities of boards and best practices in corporate governance.

Board of Directors Meetings

There were four regular Board meetings held in 2010. Documentation and information for discussion and decisions at the meetings is provided by Management to the Board at least seven days in advance of each meeting.

Attendance

	March 10	May 12	August 18	November 3
Arlene Wiks, Chair	●	●	●	●
Richard Florizone	●		●	●
David Button	●	●	●	●
Shauna Fjaagesund	●	●	●	●
Mark Regier	●	●	●	●
John Schmeiser	●	●	●	●

Board Remuneration

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the Crown Management Board and set out as follows:

Chair Retainer
$10,000

Member Retainer
$7,000

Chair Meeting Fee
$600

Committee Chair Meeting Fee
$550

Member Meeting Fee
$500

Total remuneration paid to the Board of Directors in 2010 was $89,464.

Management Remuneration

The Corporate Officers are compensated in accordance with CIC's Crown Executive Compensation Policy, Procedures and Guidelines.

The Crown sector is committed to a "total compensation" perspective, which includes a base salary, benefits and pension, and a short term incentive bonus. The short term incentive payments are based on performance objectives approved by the Board of Directors. These performance objectives are a combination of Corporate objectives and personal objectives. Corporate objectives represent 75% of the available incentive payments for Vice Presidents and 85% for the President.

In 2010 the total compensation paid to the Corporate Officers was $820,995.

Strategic Direction

Crown Investments Corporation has provided all Crown corporations with an outline of the government's policy objectives and priorities. It has also set out the mandated categories for each corporation's balanced scorecard. The Board has provided further direction to management through their approval of a corporate vision, values and broad goals specific to SOCO. The Business Strategy contained in this document is subject to annual review and monitoring by the SOCO Board.

Mission

To support the growth and success of the Saskatchewan technology sector through the development and operation of research parks.

SOCO's mission affects the Corporation's future in the following key ways:

- Growth of the technology sector is primarily achieved through the implementation of strategies which then contribute to the growth of the research parks. To accommodate growth, adequate space must be available within the parks.
- To compete internationally, Saskatchewan companies and institutions need research infrastructure equal in quality to their competitors and an attractive work environment that supports their recruitment and marketing efforts.

Vision

Saskatchewan's research parks will be the best in the world.

Tenants of the research parks compete in a world wide marketplace for employees, investors and clients. To adequately support them, Innovation Place must be prepared to compete with the best alternative locations throughout the world.

The Corporation's vision is intended to inspire its employees towards excellence in their everyday work and it is intended to act as a lens through which they make decisions. The vision affects every part of the Corporation's operations, administration and development.

Values

Innovation Place fully subscribes to the mandated Crown sector values of honesty, integrity, fairness and respect, and social and environmental responsibility. In addition, the following values have naturally grown within Innovation Place and differentiate us from others in our industry:

Innovation	Leadership in the introduction of new solutions in design, operations and sustainability.
Collaboration	Open and accountable in all our partnerships.
Excellence	The pursuit of quality beyond competence and efficiency to create an attractive and livable work environment for our clients.

Balanced Scorecard

Crown Investments Corporation provides all Crown corporations with clear direction for establishing long term planning. Corporate objectives, measures and targets are established for the required categories of Public Purpose, Stakeholders, Financial and Innovation. The Balanced Scorecard is used to measure and report performance and results for these goals.

Public Purpose

Grow Saskatchewan's technology sector by contributing to the growth of the parks' clients, supporting the establishment of new technology companies and attracting new science and technology activity to the province.

Objective Job Creation

Measure	1.	Employment growth within Innovation Place
	2.	Independent analysis of the economic impact of Innovation Place clients
	3.	Number of clients locating from outside the province
	4.	Number of new start-up companies locating at Innovation Place
	5.	Available inventory to meet identified demand

Stakeholders

Make it easy for all stakeholders to successfully accomplish their objectives in an environment of fairness, transparency and well being.

Objective Support from Ownership

Measure	6.	Percentage of general public aware of and have a positive opinion of Innovation Place

Objective Client Satisfaction

Measure	7.	Percentage of CEOs that would recommend Innovation Place to another organization

Objective Productive Workforce

Measure	8.	Percentage of employees fully engaged in their work
	9.	Percentage of annual gross salaries devoted to employee training

Financial

Maintain profitability at a level that supports the growth of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our clients.

Objective: Return on Investment

- Measure 10. Cash return as a percentage of cost of assets
- Measure 11. Vacancy as a percentage of total space inventory

Objective: Sustainable Financial Position

- Measure 12. Debt as compared to equity

Objective: Operating Efficiency

- Measure 13. Corporate Administration as a percentage of revenue
- Measure 14. Building operating cash flow per square foot

Innovation

Through our efforts and by the example we set, enhance the performance of our industry, our environment and the people we serve.

Objective: Sustainability

- Measure 15. Attain 'BOMA BESt' average points per building

Objective: Social Responsibility

- Measure 16. Sponsorships as a percentage of net income

Objective: Representative Workforce

- Measure 17a. Percentage of employees who are Aboriginal
- 17b. Percentage of employees who are female and in senior management positions
- 17c. Percentage of employees with a disability
- 17d. Percentage of employees who are a visible minority
- 17e. Percentage of total employment at the research parks under 35 years of age

Management's Discussion and Analysis

Introduction

The following management discussion and analysis for Saskatchewan Opportunities Corporation should be read in conjunction with the audited consolidated financial statements and notes to those statements for the year ended December 31, 2010. What follows will provide the context within which the Corporation's financial statements should be analyzed.

Forward Looking Information

This discussion includes forward looking statements about SOCO's corporate direction and financial objectives. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

Corporate Overview

SOCO operates under the business name Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of research parks on the campuses of the province's two universities in Saskatoon and Regina, as well as a forest sector building in downtown Prince Albert.

The Saskatoon campus began operations in 1980 and presently is home to 132 tenants that occupy approximately 1.2 million square feet in 17 separate buildings. The Regina campus, opened in 2000, consists of 5 buildings housing 47 tenants and totaling approximately 400,000 square feet. The building in Prince Albert, opened in 2004, is 115,000 square feet and accommodates 13 tenants. The number of people working in Innovation Place facilities totals more than 5,000, spread proportionately through the three locations.

Core Business

Innovation Place designs, constructs and manages specialized buildings primarily for technology companies and the service organizations that support them. Building specialization includes research greenhouses, laboratory buildings and industrial pilot plants. Specialized infrastructure includes laboratory utilities such as pure water and steam, process utilities such as high pressure steam and chilled water as well as a high performance data network.

Revenue is generated from leasing space in these buildings to a wide range of tenants that support each other's success. A typical lease arrangement would include a five year term with fixed revenue, adjusted annually for any increase in operating costs. Typical vacancy within buildings is approximately five percent. Major categories of operating costs include utilities, municipal property taxes, building and grounds maintenance and corporate administration. In general, both revenue and expenses are not subject to rapid change. Profitability is tightly linked to local real estate market conditions. The greatest opportunities for increased revenue are from the development of new buildings and increases in rental rates.

Bio Processing Centre

Innovation Place operates the Bio Processing Centre, a contract processing centre in Saskatoon. It extracts high value compounds from plant material, primarily for cosmetic and specialized food purposes. Since 2000, approximately 20 Saskatchewan companies have used the Bio Processing Centre for their processing requirements as have a similar number from outside the province.

Organization

The Corporation is organized into three divisions, Corporate Relations, Finance and Administration and Research Park Operations.

The Corporate Relations division is responsible for Human Resource Management, Communications and Brand Management.

The Finance and Administration division is responsible for risk management, financial reporting, accounting and information technology.

The Research Park Operations division includes four departments: Technical Operations and Asset Management, responsible for maintenance of buildings, the delivery of certain technical services to tenants and the operation of a central heating and cooling plant in Saskatoon; Marketing, responsible for long term market development and leasing; Property Management, responsible for tenant relations and lease administration; and Project Management, responsible for the management of construction projects.

Food and Event Services and the Bio Processing Centre report directly to the president's office.

Strategy

A diverse mix of technology and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community that encourages interaction, collaboration and growth. Tenant diversity is achieved by bringing together private and public, large and small, local and international organizations. An appropriate tenant mix is ensured by the approval process for prospective tenants. The Regina and Saskatoon parks each have an independent committee comprised of representatives from the local business community, university and municipal government; these committees review and approve all tenants that locate within park facilities.

The primary target for tenants is Saskatchewan based, private technology companies. These companies are judged by management to have the greatest opportunity for employment growth and will display the strongest ongoing loyalty to Innovation Place and the province. Secondary targets include business and technical service organizations, research institutes and national and international technology companies.

The interaction of clients, important for productive collaboration, is enabled through active programming including the organization of social events, business seminars, sports leagues and tournaments. Fitness facilities, games rooms, yoga and pilates classes all contribute to interaction. Buildings and grounds offer multiple opportunities for informal interaction.

Innovation Place provides its clients with a superior working environment that contributes directly to their productivity. A long term commitment to sustainable buildings provides tenants with superior air quality, low levels of off-gassing from building materials and enhanced access to daylight. The quality of the environment is not only intended to enhance operating efficiency and tenant innovation but to assist tenants in employee recruitment and corporate marketing. Beautifully landscaped grounds, large attractive public spaces in buildings and a wide variety of amenities create an appealing setting for tenant's employees, clients and investors.

Marketing objectives are somewhat non traditional due to the fact that the long term goal is the growth of a campus, with multiple buildings, over an extended period of time. A client's potential for future growth becomes as important as their present size. The impact they will have on attracting other clients can be critical. Potential clients that are not interested in locating in the parks immediately, but may be in the future, are also important.

Marketing strategy is primarily based on the quality of the environment available to tenants and the reputation of the parks locally and internationally. A commitment to sustainable development evidenced by Leadership in Energy and Environmental Design® (LEED) certification of buildings and BOMA BESt certification of building operations contributes to that reputation. Active participation in industry associations and the resulting recognition add credibility to the Innovation Place brand. Traditional advertising and promotion are not used to market the parks. Relationships with provincial and municipal economic development agencies extend the marketing reach of the parks beyond the borders of the province. Park tenants are used as ambassadors for the parks to capitalize on their international science contacts.

Innovation Place gathers feedback from clients, both CEOs and general tenant population, in quantitative and qualitative ways. Quantitatively, the CEOs and general tenant population are invited to participate in annual customer satisfaction surveys, and qualitatively the CEOs are invited to participate in Corporate Partners meetings to allow a face to face discussion with a senior Innovation Place manager. Innovation Place also annually surveys the Saskatchewan general population to determine brand recognition and support. The results of these communications guide management planning.

Keys to Success

Client Satisfaction

Historically the majority of demand for space has come from the growth of existing clients. Client satisfaction is therefore a key indicator of future demand. Considering the valuable role existing clients have in assisting Innovation Place attract new tenants, client satisfaction becomes doubly important. Client satisfaction is substantially impacted by the performance of the employees of Innovation Place. Customer service in all areas of operations and administration leaves a mark on satisfaction levels.

Demand

The mission for Innovation Place is to support the growth of the technology sector through the development and operation of the province's research parks. The single biggest key to success in meeting that mission is the level of demand for space from existing and new tenants. When demand exists it validates the operational and marketing strategies employed by Innovation Place.

Encouraging and Supporting New Companies

Providing a good first home for start-up companies is critical to the future success of those companies, the parks and the province. There are presently over 60 technology companies operating in Saskatchewan that began their business life in Innovation Place facilities. Eighteen of these companies have chosen to move to other locations in the province. These companies generally moved to new locations because their business evolved towards a more industrial nature, requiring more warehousing or manufacturing space that didn't match with the environment in Innovation Place. The more than 40 companies that remain as tenants in the parks have stayed because the parks continue to meet their needs for specialized space or relationships with other tenants. In total, all these companies that started their business life in Innovation Place employ over 1,500 people in Saskatchewan. Attracting, encouraging and supporting new start-up companies will contribute to meeting the Innovation Place mission and enhancing revenues in the future.

Attraction of Companies from Outside Saskatchewan

Attracting companies from other jurisdictions to Saskatchewan can contribute substantial new economic activity to the province. Approximately 25% of Innovation Place clients have head offices outside of Saskatchewan. Proactive marketing to this potential market would be expensive with little guarantee of success. Past success has generally been a result of the reputation of Innovation Place, pointing out the importance of maintaining and enhancing that image as a high quality and progressive location for technology companies.

Capital for Development

To accommodate demand through expanded facilities requires capital for development. Access to capital, whatever the source, is dependent on demonstrating adequate financial performance. Maintaining the quality of existing buildings, and therefore the reputation of Innovation Place, also requires adequate financial performance.

Access to the capital necessary to meet the mandate of the Corporation requires approval of the shareholder represented by the Board of Crown Investments Corporation. Ultimately that approval could be significantly influenced by the opinion of the general public of Saskatchewan. It is important, therefore, to maintain a high level of support from the general public within the province.

Rental Rates

The primary components of financial performance in the core business of Innovation Place are rental rates, operating costs in buildings and vacancy levels. Rental rates are impacted by broader market conditions in the cities of Prince Albert, Saskatoon and Regina as well as demand for space in the parks themselves. Administrative operating efficiency also affects financial performance.

Cost of New Construction

The relationship between rental rates and the cost of new construction is a key to financial success. Rental rates must provide enough revenue to provide an acceptable return on the capital needed for new buildings.

Utilization of the Bio Processing Centre

The Bio Processing Centre has fundamentally different financial dynamics than real estate as contracts are measured in terms of days rather than years and the industry is subject to substantial fluctuations based on changing markets for the processed products. Fluctuations also occur due to the relatively early stage of business maturity typical of most Bio Processing Centre clients. As most expenses are fixed, financial performance is greatly affected by the utilization rate of the Bio Processing Centre and the margins of each process.

Capability to Deliver Success

Rental Space Inventory

At year end the overall vacancy level for Innovation Place facilities stood at 3.99%. Demand for space is such that all vacant space is expected to be leased during 2011. With success defined as accommodating the growth of employees in the parks, the capability to be successful in the short to medium term could be limited by a lack of space.

Management will continue to evaluate all risk factors related to new development to determine at what time approval will be sought for new projects.

Financial

Based on current performance Innovation Place has the financial resources to meet all the capital investment requirements to maintain existing buildings at their present high level of quality. The financial resources are also available to support the leasing of the remaining vacant space.

Human Resources

At the present level, Innovation Place employees have the capacity to manage all of the operating and development requirements of the company. With relatively small additional resources, capacity could be substantially expanded. Executive management is experienced with the four officers of the company averaging 20 years experience with Innovation Place. The average age of employees, however, is younger than the general workforce in Saskatchewan. There is relatively even distribution of ages throughout the corporation.

Due to the substantial number of internal promotions over the past five years a need for supervisory skills enhancement has been identified and steps have been taken during 2010 to institute management training with a continuing program of internal training planned for 2011 and beyond. Senior leaders in the technical areas of Finance and Administration, the Bio Processing Centre and the Project Management department have appropriate professional designations. Most operating employees in the technical areas have trade certification or an equivalent. Property Management employees either have national industry designations (CPM) or are enrolled in the designation training program.

Employees have been active in industry associations serving at various times as president of the Association of University Research Parks (AURP) international board, member of the Canadian board of AURP, president of the Building Owners and Managers Association (BOMA) Canada, member of the BOMA international board, member of the board of the Building Owners and Managers Institute (BOMI) Canada, member of the Saskatchewan Association of Architects Council and president of the Real Estate Institute of Saskatchewan.

Innovation Place employees all work within a strong and supportive policy framework that includes, among others, policies on Code of Conduct, Conflict of Interest, Whistleblower, Non Disclosure and Harassment.

Technical Resources

Financial and operating computer and software systems have the capacity to meet foreseeable growth. Business system hardware and software and park network hardware and software are upgraded on a regular basis. All building management and control systems are monitored 24 hours a day by Innovation Place employees. These state of the art systems ensure employee comfort while maximizing the efficient operation of buildings. Building security systems are also monitored 24 hours a day by Innovation Place employees. All tenant suites and building exteriors are monitored by the electronic security system at all three locations. The security system includes video camera monitoring of key locations.

Results

Public Purpose

Job Creation

1. Employment growth within Innovation Place

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
288	307	109	93	80

2. Independent analysis of the economic impact of Innovation Place clients

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
$761M	$919.38M	$939M	$956M	$971M

3. Number of clients locating from outside the province

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
3	8	3	3	3

4. Number of new start-up companies locating at Innovation Place

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
5	6	6	6	6

5. Available inventory to meet identified demand

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
82.6%	11.2%	under review		

By year end over 5,000 people were working in Innovation Place facilities, representing growth of 6% during the year.

While employment growth is the primary lagging indicator of success in meeting the mandate of the Corporation, an independent analysis of the direct economic impact of tenants on the economy provides the added insight of how valuable the average individual job is to the province. Direct annual economic impact on Saskatchewan from Innovation Place clients grew in 2010 by 27% to $919 million. Considering the 5,000 people working within the parks the impact numbers show each job contributing close to $200,000 to the economy indicating the quality of the careers at Innovation Place is as important as the quantity. The methodology involved in the survey determines the net local payroll plus the goods and services purchased within the province by all tenants and then uses a modest multiplier of 1.4.

There were eight out of province companies that established a new Saskatchewan presence in Innovation Place facilities during 2010. As well, six start-up companies located in the park. This total of 14 new companies to the province is the largest number in recent Innovation Place history.

Inventory is much lower than targeted due to deferrals of new projects. As the risk associated with the identified demand becomes more clear project approvals should follow. In the interim all available options to manage existing tenants to gain maximum value from existing space will be taken.

Stakeholders

Support from Ownership

6. Percentage of general public aware of and have a positive opinion of Innovation Place

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
98%	99%	98%	98%	98%

Support from the general public is an important leading indicator of shareholder support. As a provincial Crown corporation, Innovation Place is accountable to all residents of the province. This measure is based on a survey of the general provincial population. Respondents are first asked if they are aware of Innovation Place, then if they have a positive or negative opinion. They are given the option of saying they have no opinion. The positive opinions are then compared to the negative opinions. Two-thirds of people surveyed were aware of Innovation Place. Of those 60% had an opinion and almost all of those were positive (98.6%).

Client Satisfaction

7. Percentage of CEOs that would recommend Innovation Place to another organization

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
98%	98.6%	98%	98%	98%

Client satisfaction remains high at over 98%. To establish satisfaction levels client CEOs are asked if they would recommend Innovation Place as a location to colleague companies. This high rating reflects both the quality of facilities and the quality of operations. Specific examples include the timeliness of maintenance response, the availability of specialized services on site, the specialized nature of the facilities and the active social environment. The attractiveness of the physical environment and the park amenities also contribute to client satisfaction by assisting client's marketing and recruitment efforts. The near perfect rating is gratifying to management considering it comes during a period of fairly rapid increases in rental rates.

Productive Workforce

8. Percentage of employees fully engaged in their work

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
65%	73%	70%	70%	70%

9. Percentage of annual gross salaries devoted to employee training

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
1.5%	1.65%	3%	3%	3%

Innovation Place employees are obviously a key stakeholder for the Corporation. Employee engagement rose by a dramatic 15% in 2010 from 58% to 73%. This external, internationally recognized measurement of employee's commitment to their work has been declining over the past number of years. The 2010 result reflects the commitment management has made to reverse that trend. The 73% engagement level returns Innovation Place to the status of high performance employer.

Training expenditures exceeded the annual target for the first time in some years reflecting the importance management has put on the value of training investments.

Financial

Return on Investment

10. Cash return as a percentage of cost of assets

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
4.23%	4.24%	4.65%	5.03%	4.99%

11. Vacancy as a percentage of total space inventory

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
3.8%	3.99%	3.0%	2.2%	1.6%

Cash from operations as a percentage of the original cost of assets is used as the primary measurement of financial performance because it is not impacted by internal accounting or financing policies. It is also easily compared to other real estate companies. Cash from operations consists of earnings before interest and amortization.

Cash from operations for 2010 was almost exactly on target at $10.34 million. The 4.24% represents an improvement from the previous year of more than a full percentage point or a year over year improvement of 34%. The improvement is largely due to increased utilization at the Bio Processing Centre. Revenue rebounded by $1.2 million or 156%, largely a result of the impact on the bio products sector of the improvement in the world's economy. Despite the dramatic increase in revenue expenses were actually lower in 2010 than 2009 resulting in cash flow from operations of positive $0.2 million versus the previous year's cash deficit of $1.1 million.

Overall revenues increased by $4.35 million resulting from the previously mentioned increase in Bio Processing Centre utilization together with an increase in building rental revenue.

Expenses of $29.9 million were up from $27.75 million in 2009. This increase was fairly evenly distributed in various expense categories with non recoverable building expenses and interest expense representing the largest increases.

Vacancy levels continued to drop but didn't quite meet the target due to some clients vacating during the year.

Sustainable Financial Position

12. Debt as compared to equity

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
0.23:1	1.36:1	1.41:1	0.89:1	0.56:1

The debt to equity ratio for 2010 was substantially higher than target. The targeted ratio was based on an anticipated transfer of Innovation Place building assets held by the government's General Revenue Fund to Innovation Place as additional equity. This transfer did not take place.

Operating Efficiency

13. Corporate administration as a percentage of revenue

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
14.57%	14.10%	14.48%	14.32%	14.54%

14. Building operating cash flow per square foot

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
$9.49	$9.49	$11.61	$11.93	$12.18

Operating efficiency continues to improve as revenue increases at a faster pace than administrative expenses. Cost control efforts resulted by this efficiency measure exceeding target by approximately 3%.

Innovation

Sustainability

15. Attain 'BOMA BESt' average points per building

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
800	818	831	836	836

BOMA BESt measures the sustainability of building operations including waste management, energy and water usage. The target of 800 was chosen because it represents the start of the second highest level on the BOMA scorecard. Less than 20% of the hundreds of buildings rated in Canada meet this standard. Buildings are rated every three years providing management the incentive to continually look for improvements in sustainability. The average rating of buildings in Innovation Place improved by 12 points to 818. Highlights of the year included awards for having the two highest rated buildings in Saskatchewan.

Social Responsibility

16. Sponsorships as a percentage of net income

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
1.44%	0.66%	1%	1%	1%

Imagine Canada, a not for profit organization encouraging corporate responsibility, has set a rule of thumb of 1% of net profit as a reasonable investment for corporations in community development. Innovation Place generally follows this advice. All our community investment is intended to have some connection with our business strategy and corporate objective. Most initiatives encourage or support our diversity target groups with a particular emphasis on science and entrepreneurship. The target of 1% of net income was not reached partly because net income was substantially higher than budget and partly because management was unsuccessful in identifying community building opportunities that linked to the Innovation Place business strategy.

Representative Workforce

17a. Percentage of employees who are Aboriginal

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
9%	9%	9%	10%	10%

17b. Percentage of employees who are female and in senior management positions

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
33%	31%	33%	33%	33%

17c. Percentage of employees with a disability

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
6%	5%	6%	6%	6%

17d. Percentage of employees who are a visible minority

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
4%	4%	4%	4%	4%

17e. Percentage of total employment at the research parks under 35 years of age

2010 Target	2010 Actual	2011 Target	2012 Target	2013 Target
35%	37.83%	35%	35%	35%

The four representative workforce categories are measures mandated by CIC. The targets have been established to reflect realistic opportunities for improvement in these areas. For the most part targets were met during 2010. Substantial efforts are put towards meeting these targets.

A wide range of relationships with aboriginal groups, the Abilities Council and immigrant assistance organizations are employed to ensure we maintain contact with these communities.

Historically the number of employees in the parks that are under 35 years old has ranged between 35% and 40%. In 2010 the combined results for all locations was close to 38%. The most interesting trend was a substantial increase in that percentage in Regina where the number of people under 35 increased from 30% to 39%.

Outlook

Rental Rates

Renewal rates have increased at a steady but reasonable rate over the last few years and Innovation Place rates have kept pace or slightly exceeded those in the general market place in both Saskatoon and Regina. Rates in Regina are slightly higher than Saskatoon. Renewal rates for office space in both cities approach $35 per square foot including occupancy costs. The upward trend in rates appears as if it will continue. Rates for new space in the city centres exceed $40 gross rental amount per square foot in both cities with Regina rates modestly higher than Saskatoon's. The substantial gap between renewal rates and rates for new space should keep upward pressure on rates at the time of renewal.

Demand

Demand for space remains high for Innovation Place facilities, particularly in Saskatoon. With an overall vacancy rate less than 4% new development will be required at some point in the near future. The problem in both cities is the uncertainty surrounding some of the identified demand. Continued strong growth in the mining technology sector in Saskatoon is dependent on the planned growth of capacity in the potash industry particularly. There should be announcements in 2011 that will remove most of the risk of a reduction in those growth plans. The needs of the energy, environment and computer services sectors in Regina should also become clearer during 2011.

Financial

Core real estate operations will remain stable and strong through the next three to four years. Extremely low levels of vacancy together with continued increases in lease rates at the time of lease renewals will provide increasingly positive revenue growth during this period. The focus of management during this period will be expense control.

Risk

Definition

Innovation Place considers risks as those factors that may inhibit the ability to meet the Corporate mission as measured by the strategic objectives outlined in our Performance Management Plan. These risk factors include utilization of the Bio Processing Centre, lack of available space, demand for space, occupancy levels in existing buildings, approval for future development, construction costs and interest rates.

Likelihood

Management has defined the likelihood of a risk event occurring as low (less than 25% likelihood), medium (between 25% and 75% likelihood) and high (greater than 75% likelihood).

Impact

Innovation Place has currently defined the impact of a risk event as follows:

Severe

Personal Property Damage or Liability	• Death • Loss of major asset > $1M • Serious environmental damage • New development >$5M
Cost, Schedule or Operations Effects	• > $500K capital cost variance • > 6 months construction delay • Operating cash flow variance +/- > 25%
Performance of Reputational Loss	• Failure of acceptance • Significant loss of client trust • Public outcry for resignation / policy change

Moderate

Personal Property Damage or Liability	• Serious Injury • Loss of Asset(s) $100K to $1M • Some environmental damage • New Development > $1M or < $5M
Cost, Schedule or Operations Effects	• $100K to $250K capital cost variance • 3 to 6 months construction delay • Operating cash flow variance +/- >5% and < 25%
Performance of Reputational Loss	• Some loss of a client group trust • Negative media attention

Minor

Personal Property Damage or Liability	• First aid treatment • Loss of asset < $100K • Temporary environmental effect • New Development <$1M
Cost, Schedule or Operations Effects	• < $100K capital cost variance • < 3 months construction delay • Operating cash flow variance +/- < 5%
Performance of Reputational Loss	• Setback in building trust in client group • Some unfavourable media attention

Risks

Management identified the primary risk for the Corporation being a lack of available leasable space to meet the needs of existing and future tenants, as it directly affects our ability to fulfill our mission. Management is considering new strategies to address this issue.

In the current environment of extremely high demand for space at the research parks, management is very selective in determining which new tenants are approved for tenancy and is carefully evaluating the continued appropriateness of existing tenants at the time their present leases expire. Not renewing some existing leases would provide additional space for lease to more appropriate tenants.

The next significant risk is the under utilization of the Bio Processing Centre. A combination of the volatile demand for services and the fixed nature of expense have resulted in fluctuating financial results. There will be a continued effort to increase the number and diversity of clients to mange this risk. During 2010 management restructured shifts, in effect shrinking the capacity of the plant, in an effort to reduce costs and better match those costs to demand for services.

There is a risk of interest rates increasing that could have a substantial impact on the financial performance of the parks. In an effort to mitigate that risk, borrowings for existing buildings are for terms in excess of 20 years.

Construction costs have represented an area of substantial risk over the past four years. While this risk is somewhat out of the control of management, a long history of good relations with the construction industry, built on practices that show an understanding of contractors business needs, has and will result in competitive tendering and fair prices for Innovation Place projects.

The nature of our longer term lease contracts and the diversity of clients lower the risk of any dramatic impact on financial return from existing buildings. However, the fixed nature of our expenses does expose Innovation Place to some credit risk if tenants are unable to pay lease payments.

Cash Flow

Early in 2010 SOCO was directed to pay a $9 million dividend to Crown Investments Corporation. SOCO made all required dividend payments with the last payment due on March 31, 2011. In addition to the Bio Processing Centre financial results significantly impacting cash flow, the capital plan can also significantly impact cash flow. As such, the capital plan is reviewed quarterly by the Capital Committee.

Enterprise Risk Management

Innovation Place is in the midst of developing a risk management process that will enable the Corporation to identify, quantify and manage risks facing the entire organization, within an established risk tolerance. This risk management process will be ongoing and integrated throughout the organization.

In addition to having the corporate risks documented, during 2010 management began documenting departmental risks as well. This process will continue in 2011 along with developing efficient risk reporting mechanisms.

Accountability and Controls

Future Accounting Changes - International Financial Reporting Standards (IFRS)

In February, 2008, the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian Generally Accepted Accounting Principles (GAAP) for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year.

In September 2009, the Public Sector Accounting Board (PSAB), approved an amendment to the Public Sector Accounting handbook confirming the direction which allows Other Government Organizations to adopt either IFRS or the Public Sector Accounting Handbook, whichever is considered the most appropriate basis of accounting. The Corporation, which is classified as an Other Government Organization, believes that IFRS is the most appropriate basis of accounting and is therefore proceeding with the adoption of IFRS.

The Corporation has undertaken a project to assess the potential impacts of its transition to IFRS. A detailed project plan was developed and appropriate resources assigned to ensure compliance with the new standards. An external advisor has been engaged to assist management throughout the process. Quarterly updates are provided to the Audit and Finance Committee.

Management from Innovation Place has completed an assessment of international financial reporting standards. The most significant areas of difference are related to accounting for investment property, property, plant and equipment and financial statement disclosures. While the cost method will continue to be used for the measurement of investment property, certain differences do exist in the cost method under IFRS and adjustments are expected on conversion. The amount of the adjustment has not yet been determined.

Selection of key accounting policies has been finalized and changes to processes, systems and internal controls over financial reporting have been implemented. Other than changes to certain formats and required reconciliations, the Corporation does not expect any material changes to these consolidated financial statements.

Audit Processes

External Audit

The Corporation's annual financial statements are audited by an independent auditor. The external auditor is appointed by Order-in-Council, with the appointment being reviewed typically every five years. The current external auditor, Deloitte & Touche LLP, has completed the fifth year of the five year agreement.

The Provincial Auditor Act gives the Provincial Auditor the responsibility, authority and independence to audit and publicly report on all government organizations. As such, the external auditor coordinates the involvement of the Provincial Auditor in the Corporation's audit. The coordination of the audit is conducted in accordance with the recommendation on the Task Force on the Roles, Responsibilities and Duties of Auditors, which recommends various protocols.

Internal Audit

In June 2006, an Internal Audit function was established at Crown Investments Corporation to assist in providing an independent, objective view on the effectiveness of risk management, governance and internal controls to those Crown corporations who do not have the resources to support an Internal Audit department.

The Internal Audit team is employed by Crown Investments Corporation and their offices are also located at Crown Investments Corporation. An Internal Audit Charter was presented to the Audit and Finance Committee and subsequently approved by the Board of Directors on August 27, 2008. The Charter outlines the purpose, authority, reporting structure and responsibilities of the internal audit activity.

During 2010, the Internal Audit team completed audits relating to payroll and information technology.

Management's Responsibility and Certification

The preparation and presentation of the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation are the responsibility of and have been prepared by corporate management in accordance with Canadian Generally Accepted Accounting Principles. These consolidated financial statements necessarily include amounts based on informed judgment and management's estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting and has assessed the effectiveness of those controls as of December 31, 2010. Based on this evaluation management concludes the following:

I, Douglas Tastad, the Chief Executive Officer of Saskatchewan Opportunities Corporation, and I, Charlene Callander, the Chief Financial Officer of Saskatchewan Opportunities Corporation, certify:

- that we have reviewed the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2010;

- that based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;

- that Saskatchewan Opportunities Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Opportunities Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Opportunities Corporation; and

- that Saskatchewan Opportunities Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Opportunities Corporation can provide reasonable assurance that internal controls over financial reporting as of December 31, 2010 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

The Corporation's independent auditor, Deloitte & Touche LLP, have been appointed external auditor by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan. Deloitte & Touche LLP has examined the financial statements of Saskatchewan Opportunities Corporation. The scope of their examination and their opinion on whether these financial statements present fairly the financial position and operating results of Saskatchewan Opportunities Corporation are given in their Auditors' Report.

In an effort to discharge its statutory responsibilities which are outlined in *The Provincial Auditor Act*, the Provincial Auditor relies on the work of Deloitte and Touche LLP. The Provincial Auditor and Deloitte & Touche LLP work together at all stages of the audit. The Provincial Auditor is responsible to report to the Legislative Assembly an opinion on the effectiveness of internal controls, compliance with governing authorities and the reliability of the financial statements.

The Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with the financial officers of the Corporation, the external auditor and the Provincial Auditor to discuss the audit plan, audit results and the opinion on the adequacy of the financial reporting, corresponding internal controls and compliance with governing authorities. Both Deloitte & Touche LLP and the Provincial Auditor have the opportunity to meet with the Audit and Finance Committee without management present. The Audit and Finance Committee has reviewed these financial statements with management and the auditor. The Audit and Finance Committee recommended the Board approve these financial statements. The Board of Directors has reviewed and approved these financial statements.

Douglas Tastad
President and Chief Executive Officer

Charlene Callander
Vice President and Chief Financial Officer

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Opportunities Corporation as at December 31, 2010, and its subsidiary, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan
March 11, 2011

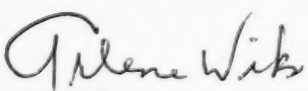
Financial Report

Consolidated Statement of Financial Position
as at December 31

	2010 (000s)	2009 (000s)
Assets		
Cash	$ 6,325	$ 6,467
Accounts receivable	5,063	3,930
Prepaid expenses	197	245
Debt retirement fund (note 3)	506	242
Property, plant and equipment (note 4)	56,066	55,386
	$ 68,157	$ 66,270
Liabilities and Province's Equity		
Accounts payable and accrued liabilities	$ 4,233	$ 4,109
Deferred revenue	801	437
Dividends payable	2,250	-
Notes payable	-	11,099
Long term debt (note 5)	36,684	23,684
	43,968	39,329
Province of Saskatchewan's Equity		
Retained earnings	24,189	26,941
	$ 68,157	$ 66,270

(Commitments and contingencies - note 6)
(see accompanying notes)

On behalf of the Board



Arlene Wiks
Chair

Mark Regier
Director

Consolidated Statement of Operations and Comprehensive Income

for the year ended December 31

	2010 (000s)	2009 (000s)
Revenue		
Rental	$ 33,661	$ 30,620
Bio Processing	1,940	770
Interest (note 7)	87	78
Other	499	371
	36,187	31,839
Expenses		
Administration	5,101	4,783
Rental operations	18,979	17,510
Bio Processing operations	1,769	1,859
Interest (note 7)	1,503	1,166
Amortization	2,587	2,429
	29,939	27,747
Net Income	6,248	4,092
Other comprehensive income	-	-
Comprehensive Income	$ 6,248	$ 4,092

(see accompanying notes)

Consolidated Statement of Retained Earnings

for the year ended December 31

	2010 (000s)	2009 (000s)
Retained earnings, beginning of year	$ 26,941	$ 22,849
Net income	6,248	4,092
Dividends declared	(9,000)	-
Retained earnings, end of year	$ 24,189	$ 26,941

(see accompanying notes)

Consolidated Statement of Cash Flows
for the year ended December 31

	2010 (000s)	2009 (000s)
Operating Activities		
Net Income	$ 6,248	$ 4,092
Add non cash items:		
Amortization	2,587	2,429
Debt retirement fund earnings	(25)	(7)
Debt retirement fund market value (gains) losses	(2)	2
Asset write down	207	-
	9,015	6,516
Change in non cash operating items:		
Accounts receivable	(1,133)	719
Prepaid expenses	48	121
Accounts payable and accrued liabilities	236	(240)
Deferred revenue	364	(284)
Cash provided by operating activities	8,530	6,832
Investing Activities		
Change in accounts payable for capital, non cash	(112)	(2,210)
Purchase of property, plant and equipment	(3,474)	(6,229)
Cash used in investing activities	(3,586)	(8,439)
Financing Activities		
Proceeds from notes payable	-	6,000
Repayment of notes payable	(11,099)	(5,760)
Proceeds from long term debt	13,000	-
Debt retirement fund installments	(237)	(237)
Dividends paid	(6,750)	-
Cash provided by financing activities	(5,086)	3
Net change in cash during the year	(142)	(1,604)
Cash, beginning of year	6,467	8,071
Cash, end of year	$ 6,325	$ 6,467
Supplementary Information:		
Interest paid	1,439	1,189

(see accompanying notes)

Notes to Consolidated Financial Statements
December 31, 2010

1. Status of Corporation

Saskatchewan Opportunities Corporation (the "Corporation"), which operates under the brand name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is subject to neither federal nor provincial income tax. The financial results of the Corporation are included in the consolidated financial statements of the Crown Investments Corporation of Saskatchewan (CIC).

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of research and development parks.

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The following accounting policies are considered to be significant:

a) Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Ltd. (operating as Boffins). Boffins provide food and event services at the research park in Saskatoon.

As the Corporation has an obligation to absorb the expected losses of 212822 Saskatchewan Ltd., it falls under the classification of a Variable Interest Entity and is consolidated in the accounts of the Corporation.

b) Property, plant and equipment

Property, plant and equipment are recorded at the lower of cost, net of accumulated amortization, and net recoverable amount. Property, plant and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition.

Rental assets consist of buildings at Innovation Place in Saskatoon, Regina and Prince Albert, as well as related site improvement costs, tenant improvements and equipment. Office equipment and furniture are used by the Corporation for its own use.

Buildings and site improvement costs, net of estimated residual value, are amortized on a straight-line basis over the estimated useful life of the particular asset (15 to 40 years). Tenant improvements are amortized on a straight-line basis over the term of the associated lease (5 to 10 years). Equipment and furniture are amortized on a straight-line basis over 3 to 5 years.

Construction in progress consists of buildings and tenant improvements currently under development. Costs capitalized to assets under development include all direct and directly attributable expenditures incurred in connection with the acquisition, development, and construction. Costs directly attributable to development projects include interest and salaries and benefits of employees directly associated with the development projects.

c) Revenue recognition

The Corporation uses the straight-line method of recognizing rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, deferred rent receivable is recorded for the difference between the straight-line rental revenue recorded and the contractual amount due from tenants.

With the exception of rental revenue, revenue is recognized as services are provided to customers, tenants and clients using the accrual basis of accounting.

Amounts received in advance of contract terms are recorded as deferred revenue.

d) Financial instruments

The Corporation uses the following categories to classify its financial instruments: held-for-trading, held-to-maturity, loans and receivables, available-for-sale and other liabilities. All financial instruments are measured at fair value on initial recognition and are recorded on the consolidated statement of financial position. Transaction costs are included in the initial carrying amount of financial instruments except for those designated as held-for-trading, in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Held-for-trading financial assets and liabilities are subsequently measured at fair value, with changes in fair value being recognized in the consolidated statement of operations. Available-for-sale financial assets are subsequently measured at fair value, with changes in fair value being recognized as other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest method.

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

e) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to estimates include the carrying amounts of property, plant and equipment and underlying estimations of useful lives, certain accrued liabilities and the carrying amounts of accounts receivable and underlying provision for bad debts. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

3. Debt Retirement Fund

	2010 (000s)	2009 (000s)
Debt retirement fund, beginning of year	$ 242	$ -
Installments	237	237
Earnings	25	7
Market value gains (losses)	2	(2)
Debt retirement fund, end of year	$ 506	$ 242

Under conditions attached to the long term debt issues, the Corporation is required to pay annually into debt retirement funds administered by Saskatchewan's Ministry of Finance. The total annual required contribution is $366,840, and is based on 1% of the original debt issues. Included in the $366,840 total is the first contribution of $130,000 relating to the 2010 debt issue, due May 3, 2011. Upon redemption of the debt issue, the Corporation is required to pay the principal balance less the amount available from the debt retirement fund.

4. Property, Plant and Equipment

	Cost (000s)	Accumulated Amortization (000s)	2010 Net Book Value (000s)	2009 Net Book Value (000s)
Rental assets	$ 59,695	$ 7,431	$ 52,264	$ 52,817
Office equipment and furniture	2,135	1,782	353	543
Construction in progress	3,449	-	3,449	2,026
	$ 65,279	$ 9,213	$ 56,066	$ 55,386

In 2004 and 2005, rental assets with an original total cost of $181,828,000 were transferred to the Province of Saskatchewan's General Revenue Fund (GRF) in exchange for the GRF forgiving notes payable and long-term debt of the Corporation outstanding at April 1, 2004. Under an operating agreement with the Ministry of Energy and Resources (formerly the Ministry of Industry and Resources), dated March 2, 2005, the Corporation leases the transferred assets for a nominal annual amount. Under the terms of this agreement, the Corporation has been assigned all rental revenue generated and is responsible for all costs associated with their operation.

5. Long Term Debt

The Corporation's long term debt balance consists of two CPP Investment Board debt issues with the Province of Saskatchewan's General Revenue Fund.

Date of Issue	Date of Maturity	Effective Interest Rate (%)	Coupon Rate (%)	2010 (000s)	2009 (000s)
July 11, 2008	July 11, 2038	4.71	4.71	$ 23,684	$ 23,684
May 3, 2010	May 3, 2040	4.80	4.80	13,000	-
				$ 36,684	$ 23,684

6. Commitments and Contingencies

The estimated cost to complete projects under construction is approximately $300,000 ($2009 – $3,000,000).

The Corporation continues its discussion with the City of Saskatoon regarding electrical consumption for one building at Innovation Place that was not appropriately metered for the period of 1987 to 2002. The Corporation has accrued a payable which is considered to be a reasonable estimate based on the current facts. The Corporation will account for any difference in the settlement amount in the period in which the issue is resolved.

7. Interest Revenue and Expense

Interest revenue consists of the following:

	2010 (000s)	2009 (000s)
Interest revenue	$ 60	$ 73
Debt retirement fund earnings	25	7
Debt retirement fund market value gains (losses)	2	(2)
	$ 87	$ 78

Interest expense consists of the following:

	2010 (000s)	2009 (000s)
Notes payable	$ 11	$ 73
Long term debt	1,531	1,116
Interest capitalized	(39)	(23)
	$ 1,503	$ 1,166

8. Capital Management

The Corporation's capital management objective is to maintain financial viability by effectively managing cash from operations and its capital structure.

The Corporation's capital structure consists of notes payable having a term to maturity of one year or less, long term debt, and equity, in the form of retained earnings.

The Corporation funds its capital requirements through internally generated funds and debt. As a Crown corporation, the Corporation receives its debt from the Saskatchewan Ministry of Finance. By legislation, the Corporation cannot have more than $170 million of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have $50 million of short-term notes outstanding at any time.

The Corporation monitors its capital structure on the basis of the debt to equity ratio. The current long-term debt to equity ratio target is 3:1, which is consistent with the prior period. The ratio is calculated as follows:

		2010 (000s)		2009 (000s)
Notes payable	$	-	$	11,099
Long term debt		36,684		23,684
Cash available to repay debt		(3,786)		(3,686)
Total net debt	$	32,898	$	31,097
Retained Earnings	$	24,189	$	26,941
Debt ratio		1.36 : 1		1.15 : 1

Cash available to repay debt reflects cash and debt retirement funds, net of cash required for operations.

The Corporation complied with all externally imposed restrictions on its debt for the year ended December 31, 2010.

9. Financial Instruments

The following table presents the classification, carrying amounts and fair values of the Corporation's financial instruments.

	Classification	2010 Carrying Amount	2010 Fair Value	2009 Carrying Amount	2009 Fair Value
Financial Assets					
Cash	HFT	$ 6,325	$ 6,325	$ 6,467	$ 6,467
Accounts receivable	L&R	5,063	5,063	3,930	3,930
Debt retirement fund	HFT	506	506	242	242
Financial Liabilities					
Accounts payable and accrued liabilities	OL	(4,233)	(4,233)	(4,109)	(4,109)
Dividends payable	OL	(2,250)	(2,250)	-	-
Notes payable	OL	-	-	(11,099)	(11,099)
Long term debt	OL	(36,684)	(39,610)	(23,684)	(23,650)

HFT – held-for-trading; L&R – loans and receivables; OL – other liabilities

Fair values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, dividends payable, and notes payable approximate carrying value due to their immediate or short-term nature.

Debt retirement funds are valued at the closing year-end unit prices received from the Saskatchewan Ministry of Finance.

Long term debt is valued at year-end market prices for the underlying debt issues.

Fair value hierarchy

Fair value for cash and the debt retirement fund are recognized in the Statement of Financial Position. Cash, by its nature, is classified as level one. The debt retirement fund is classified as level two.

10. Financial Risk Management

a) Credit risk

Credit risk is the risk of an unexpected loss if a client or third party to a financial instrument fails to meet its contractual obligations. Although the Corporation's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Corporation also has established policies and procedures to assess the potential risk prior to extending credit to any client.

The maximum credit exposure is limited to the carrying amount of cash and accounts receivable. Cash is maintained with high-credit quality financial institutions and management considers the risk of non-performance to be minimal.

The following reflects an aging summary of the Corporation's accounts receivable:

		2010 (000s)		2009 (000s)
Current	$	3,467	$	2,818
31 - 60 days		875		254
61 - 90 days		86		79
Over 90 days		1,091		1,108
		5,519		4,259
Allowance		(456)		(329)
Accounts receivable	$	5,063	$	3,930

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

		2010 (000s)		2009 (000s)
Allowance for doubtful accounts, beginning of year	$	329	$	1,068
Provision		217		389
Write-offs, net of recoveries		(90)		(1,128)
Allowance for doubtful accounts, end of year	$	456	$	329

b) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its notes payable. Interest rate risk is managed through converting notes payable to long term debt with fixed interest rates. The impact of fluctuations in interest rates related to these debt instruments will not be significant and, therefore, management has not provided a sensitivity analysis of the impact.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2010 (000s):

	6 Months or Less	7 - 12 Months	1 - 2 Years	3 - 5 Years	More than 5 Years
Accounts payable and accrued liabilities	$ 4,233	$ -	$ -	$ -	$ -
Dividends payable	2,250	-	-	-	-
Long term debt	870	870	1,740	5,219	77,629
	$ 7,353	$ 870	$ 1,740	$ 5,219	$ 77,629

Contractual cash flows for long term debt include principal and interest payments but exclude debt retirement fund installments.

d) Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors. The Corporation is exposed to market risk primarily through the debt retirement fund. Fair value adjustments will fluctuate based on changes in market prices. The debt retirement fund consists mostly of Provincial government and Federal government bonds with varying maturities and are managed based on maturity profile and market conditions. Fair value adjustments similar to those experienced up to December 31, 2010 would not have a material impact on net income.

11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, universities, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are also considered related parties.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2010 (000s)	2009 (000s)
Accounts receivable	$ 784	$ 1,012
Accounts payable and accrued liabilities	277	410
Deferred revenue	570	193
Rental revenue	13,593	11,705
Rental operations expense	1,929	1,770

The Corporation pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

12. Pension Plan

All employees are members of the Capital Pension Plan, a defined contribution plan administered by CIC. The Corporation's financial obligation is limited to making regular contributions in proportion to employees' earnings. These contributions are charged to income when made. Pension expense for the year was $536,000 (2009 - $482,000).

13. Future Changes in Accounting Policies

In February, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including the Corporation, will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year.

The Corporation is in the process of finalizing IFRS financial statement disclosures and adjustments. The selection of IFRS accounting policies has been completed and approved. As part of the IFRS implementation, the Corporation has made changes to certain processes and systems to ensure transactions are recorded in accordance with IFRS.

The Corporation will publish its first consolidated financial statements in accordance with IFRS for the quarter ended March 31, 2011.

Photo Key

Cover: A glimpse of the Galleria through the surrounding greenery
Table of Contents: Boffins Club patio in Saskatoon
A Message to Our Stakeholders: The Terrace in Regina
Corporate Governance: A view of the Atrium greenhouses in Saskatoon
Strategic Direction: The Garden Park in Saskatoon
Management's Discussion and Analysis: An Adirondack chair beside the pond at the Garden Park in Saskatoon

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